

STATE OF CALIFORNIA  
CONSUMER POWER AND CONSERVATION  
FINANCING AUTHORITY



**TO:** Board of Directors  
California Power Authority

**FROM:** Linda Chou

**DATE:** June 21, 2002

**SUBJECT:** **Status Report on the 2001-2002 Legislative Session**

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**SUMMARY**

This report serves as an informational item listing key legislation currently being debated and discussed by the members of the Legislature. The CPA is tracking bills that direct policies and mandates on various energy related issues.

For the Legislative year 2001-02, 2079 bills were introduced this session. The following list is not a compilation of all energy bills moving through the Legislature, but they are bills the CPA has been tracking closely. The bills relate to energy issues such as renewable energy standards, interruptible load programs, distributed generation and energy agency reorganization efforts.

**SENATE BILL LIST**

**SB 532 (Sher-D) *Renewable Portfolio Standard***

This bill continues the Public Interest Energy Research Program (PIER) and the Renewable Energy Program (REP) for five additional years. Additionally, this bill creates the California Renewables Portfolio Standard (RPS) aimed at increasing the amount of renewable energy if the overall procurement portfolios of the state's electrical corporations from 10-20% by the year 2010.

**SB 1269 (Peace-D) *Thermal Power Plant site and Facility Certification***

This bill authorizes the CEC to extend the start of constructing a power plant an additional 12 months if the project owner reimburses the CEC for its costs of licensing the project. The bill also authorizes the CEC to transfer the certification to the CPA if the CPA elects to pursue the project itself.

**SB 1389 (Bowen) *Energy Planning and Forecasting***

This bill consolidates the CEC's reporting requirements into one integrated report to be submitted to the Legislature by November 1, 2003, and every 2 years thereafter. The report must include 3 volumes: electricity and natural gas markets; public interest energy strategies; and transportation fuels, technologies and

infrastructure. The bill establishes a process for CEC to collect data from new energy market participants to include their data in the report.

### **SB 1519 (Bowen) DWR Power**

This bill requires the PUC to establish a mechanism by which customers of an electrical corporation for whom direct access has been suspended, to purchase renewable power. The mechanism includes a provision for the customer to reimburse DWR for specified costs related to the department's power purchasing program.

### **SB 1534 (Bowen) Solar Energy Systems**

This bill brings up to date existing laws to protect homeowners who want to install solar systems by prohibiting homeowner associations or subdivision developers from banning their use through CC&Rs. This bill updates standards to meet the most current standards for safety and performance. This bill also requires these solar energy systems to comply with applicable rules mandated by the PUC regarding safety and reliability.

### **SB 1753 (Bowen-D) Independent System Operator**

This bill would require the Independent System Operator to conduct its operations consistent with applicable state laws and consistent with the interests of the people of the state. The bill would also require the Independent System Operator to manage the transmission grid in a manner that makes the most efficient use of available energy resources, facilitates reliable electricity service at the least economic and environmental cost to the state's consumers. The bill would also require the Independent System Operator to ensure that its purposes and functions are consistent with those of a nonprofit public benefit corporation, maintain open meetings, and provide public access to corporate records. Since under existing law a violation of the bill's requirements would be a crime, this bill would impose a state-mandated local program by changing the definition of a crime. This bill contains other related provisions and other existing laws.

### **SB 1876 (Bowen-D) Electrical Restructuring**

This bill is an omnibus bill that establishes a Ratepayer Refund Account for the deposit of any refunds of excessive wholesale power costs recovered by the electrical corporations.

### **SB 1976 (Torlakson) Real Time Metering**

This bill requires the CEC to consult with the PUC on the feasibility of implementing real-time pricing tariffs. The report shall consider how wholesale real-time prices would be calculated and made available to customers; options for day-ahead and hour ahead retail prices; estimates of potential peak load reductions, including shifting of peak load demand to off-peak periods; options for incorporating demand responsiveness into the wholesale competitive market and operations of the CAISO.

## **ASSEMBLY BILL LIST**

### **AB 1248 (Daucher-R) Electric service rates: Interruptible Service Programs**

*The Public Utilities Act authorizes the Public Utilities Commission to establish rates for public utilities regulated by the commission, including electrical corporations. The act requires electrical corporations to continue the availability to qualified heavy industrial customers, until March 31, 2002, of optional interruptible or curtailable service programs wherein the heavy industrial customer is charged a rate that reflects a pricing incentive for electing to operate under the optional or curtailable service. This bill would instead require the commission to continue the availability to qualified heavy industrial customers of optional interruptible or*

*curtailable service until January 1, 2003. This bill contains other related provisions and other existing laws. An act to amend Section 743.1 of, and to add Sections 743.5 and 743.7 to, the Public Utilities Code, relating to public utilities, and declaring the urgency thereof, to take effect immediately.*

**AB 2062 (Pescetti-R) Energy Code**

*This bill establishes a state Department of Energy (DOE) and consolidates the following into a DOE: The Consumer Power and Conservation Financing Authority (CPA); the California Energy Commission (CEC); the Division of Oil, Gas & Geothermal Resources in the Department of Conservation; California Energy Resources Scheduling (CERS) Division, and the Department of Water Resources (DWR).*

**AB 2228 (Negrette McLeod-D) Public utilities: Net Energy Metering**

Under existing law, electric service providers, as defined, are required to provide eligible customer-generators with net energy metering, as defined. Until January 1, 2003, an "eligible customer-generator" means a residential, small commercial, commercial, industrial, or agricultural customer of an electric service provider, who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than one megawatt that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer's own electrical requirements. After January 1, 2003, an "eligible customer-generator" means a residential or small commercial customer of an electric service provider, who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than 10 kilowatts that is located on the customer's premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer's own electrical requirements. This bill would expand the definition of an "eligible customer-generator" to include an otherwise eligible customer who uses a solar, wind turbine, or biogas electrical generating facility, or a hybrid system.

**AB 2307 (Kehoe-D) Distributed Generation**

*Extends by three years (2006) the deadline by which small-distributed generation systems must be installed in order to qualify for a waiver of standby fees, which is in effect until June 1, 2011. Existing law defines "distributed energy resources" (DER) that qualify for standby fee waivers as electric generation technology that commences initial operation between May 1, 2001 and June 1, 2003, 2) located within a single facility; 3) has a capacity of 5 MW or less; 4) serves onsite loads or over the fence transactions; 5) is powered by a fuel other than diesel; and 6) complies with air emission standards of the ARB.*

**AB 2383 (Diaz-D) California Energy Policy Taskforce**

Under existing law, the Public Utilities Act, public utilities in the state are regulated by the Public Utilities Commission. Existing law also establishes the Energy Resources, Conservation and Development Commission that, among other things, regulates the development of power plants. This bill would establish the California Energy Policy Taskforce to develop guiding principles for an official statewide energy policy. The bill would require that the taskforce be composed of representatives of market participants as selected by the Governor. The bill would require the taskforce to report to the Legislature on consolidating existing agencies with energy related responsibilities into a cabinet level department, eliminating duplicative or conflicting functions of all energy related entities, creating a safe reserve capacity, providing price stability and service reliability, ensuring a proper rate of review for consumer protection, developing energy efficiency and cost effective renewable energy sources, including programs operated by public utilities, and encouraging electrical corporations to build power plants.

**AB 2465 (Canciamilla-D) Independent System Operator: Reporting Requirements**

This bill would also require the Independent System Operator to provide the report no later than January 31 of each year. Since a violation of the act is a crime under existing provisions of law, the bill would impose a state-mandated local program by expanding the definition of a crime. This bill contains other related provisions and other existing laws. An act to amend Section 350 of the Public Utilities Code, relating to public utilities.

**AB 2718 (Oropeza-D) Super Clean Distributed Generation Resources**

*Existing law requires the Public Utilities Commission, in consultation with the Independent System Operator and the State Energy Resources Conservation and Development Commission, to adopt initiatives, on or before March 7, 2001, to reduce demand for electricity and reduce load during peak demand periods, including differential incentives for renewable or super clean distributed generation resources. This bill would delete the March 7, 2001, deadline and would define "super clean distributed generation resources" to include fuel cells and microturbines on renewable energy and gases currently flared as a result of petroleum production operations. This bill contains other related provisions and other existing laws. An act to amend Sections 379.5 and 2827 of the Public Utilities Code, relating to public utilities.*